

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 411 - HB 1220**

March 24, 2017

**SUMMARY OF BILL:** Requires the Department of Human Services (DHS) to implement a program for voluntary use of photo identification on electronic benefit transfer (EBT) cards in the Food Stamp Program. Requires the DHS, on or before January 1, 2018, to issue a photo identification EBT card to each eligible household that opts to use a photo identification EBT card. Allows the DHS to obtain the head of household's photograph, if authorized by such person, from the Driver License Program of the Department of Safety (DOS); alternatively, the head of household can visit a DHS office to have a photograph taken for the EBT card. Creates a Class A misdemeanor for the offense of trafficking in electronic benefit cards.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$586,600/One-Time**  
**Exceeds \$235,000/Recurring**

**Increase Federal Expenditures - \$586,600/One-Time**  
**Exceeds \$235,000/Recurring**

**Assumptions:**

- Based on information provided by the DHS, the proposed legislation cannot be accommodated within existing resources. The DHS will have to modify their Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system and interface with the DOS in order to meet the requirements of the proposed legislation.
- The DHS will contract with a vendor for required system modifications. An estimated 3,840 hours of contract labor at a one-time increase in expenditures of \$254,800 would be required to implement all of the required changes to the ACCENT system.
- All 99 of DHS' county offices will need to be outfitted with photographic capabilities. Assuming one computer at a cost of \$1,100 and one digital camera at a cost of \$42 per office, the one-time increase in expenditures is estimated to be \$113,058 [(\$1,100 + \$42) x 99 offices]
- The DHS is required to notify Supplemental Nutrition Assistance Program (SNAP) benefit recipients of changes. The DHS will be required to send 535,862 notifications at a cost of \$1.08 per household. The one-time increase in expenditures is estimated to be \$578,731 (535,862 x \$1.08).

**SB 411 - HB 1220**

- The DHS will train Family Assistance staff on the provisions of the proposed legislation. The one-time increase in expenditures associated with the training is estimated to be \$21,700.
- The DHS will have to train authorized retailers during the implementation phase.
- According to the United States Department of Agriculture, there are 7,029 SNAP retailers. The one-time cost to print and mail information to the 7,029 retailers is estimated to be \$4,940.
- The DHS contracts with an outside vendor for SNAP Electronic Benefit Transfer (EBT) card services. Required modifications to the vendor systems in order to meet the requirements of the proposed legislation will result in a one-time increase in expenditures estimated to be \$200,000.
- On average, 24,100 EBT cards are issued each month. The cost of an EBT card with a photo is \$2.75 and the cost without a photo is \$1.50.
- Assuming 10 percent of recipients or 2,410 (24,100 recipients x 10.0%) will opt for an EBT card with a photo identification, the recurring increase in expenditures associated with photo EBT cards is estimated to exceed \$79,530 (2,410 recipients x \$2.75 x 12 months).
- Assuming the other 90 percent of recipients or 21,690 (24,100 recipients x 90.0%) will opt for an EBT card without a photo identification, the recurring increase in expenditures associated non-photo EBT cards is estimated to exceed \$390,420 (21,690 recipients x \$1.50 x 12 months).
- All costs are funded under the DHS' federal SNAP administration award which requires a 50 percent state match, resulting in 50 percent federal funds.
- The total one-time increase in expenditures is estimated to be \$1,173,229 (\$254,800 + \$113,058 + \$578,731 + \$21,700 + \$4,940 + \$200,000). The one-time increase in state expenditures is estimated to be \$586,615 (\$1,173,229 x 50%); resulting in a one-time increase in federal expenditures of \$586,615 (\$1,173,229 x 50%).
- The total recurring increase associated with the EBT cards is estimated to exceed \$469,950 (\$79,530 + \$390,420). The recurring increase in state expenditures is estimated to exceed \$234,975 (\$469,950 x 50%); resulting in an increase in federal expenditures exceeding \$234,975 (\$234,975 x 50%).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jem